

WATER/ABJ/HJL:jlj

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION  
Water Advisory BranchRESOLUTION NO. W-4283  
August 23, 2001**RESOLUTION****(RES. W-4283), ALCO WATER SERVICE (AWS), SALINAS  
DIVISION. ORDER AUTHORIZING AN OFFSET RATE  
INCREASE OF \$200,984 OR 6.4% IN ADDITIONAL REVENUE  
DUE TO INCREASED PURCHASED POWER COSTS.****SUMMARY**

By Advice Letter No. 85, filed on June 15, 2001, AWS seeks revision of its tariff Schedule No 1, General Metered Service, to provide an increase in revenues of \$200,984 or 6.4% for its Salinas Division. This increase is a result of increased costs for purchased power since AWS' present rates became effective. The offset rate increase will not result in a rate of return greater than the last authorized for AWS' Salinas Division.

**BACKGROUND**

AWS, Salinas Division, requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset \$194,458 increase in purchased power costs and \$6,526 in related increases in uncollectibles and franchise taxes. The purchased power increase became effective by Commission Decisions (D.) 01-01-018, D.01-03-082 and D.01-05-064, which authorized the Pacific Gas & Electric Company (PG&E) to increase its rates.

AWS, Salinas Division, serves approximately 7,582 metered customers mainly in the eastern portion of the city of Salinas, County of Monterey. The present rates of AWS, Salinas Division, became effective on May 7, 2001, pursuant to Advice Letter No. 84, which authorized the company a surcharge of \$18,829 to recover Department of Health Services fees. The last general rate increase for AWS, Salinas Division was approved by Res. No. W-3908, dated February 8, 1995, which authorized an increase of \$122,000 or 6.2% for test year 1994. The Resolution authorized a 10.72% rate of return for AWS, Salinas Division.

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## **DISCUSSION**

Effective January 4, 2001 and March 27, 2001, PG&E increased rates for purchased power by one cent per kilowatt-hour (kWh) and three cents per kWh, respectively, pursuant to D.01-01-018 and D.01-03-082.

Additionally, effective June 1, 2001, pursuant to D.01-05-064, PG&E rates were increased an average six cents per kWh for summer consumption and an average three and a half cents per kWh for winter consumption for rate schedules A-1, A-6, and A-10. Rates were also increased an average 4.1 cents per kWh for schedule E-19 (summer and winter consumption). These PG&E rate increases have resulted in a \$200,984 increase in purchased power costs for AWS, Salinas Division.

The increases in PG&E's purchased power costs are directly related to water consumption and therefore shall be applied to quantity rates. In order to recover the higher costs, AWS, Salinas Division will increase its quantity charge by \$0.101/Ccf (one Ccf is equal to one-hundred cubic feet). The bill for an average residential customer using 23 Ccf of water per month with a ¾-inch meter will increase from \$30.96 to \$33.28, or \$2.32 or 7.5%. The bill for a residential customer using 23 Ccf of water per month with a 1-inch meter or with a 1½-inch meter will increase an average \$2.32 per month or 6.3% and 4.6%, respectively.

In accordance with Public Utilities Code Section 792.5, the revenues from this increase and the increased purchased power costs shall be book to a balancing account.

Service is satisfactory. There are no Commission orders requiring system improvements nor are there any service problems requiring corrective action.

## **NOTICE AND PROTESTS**

Notice of the proposed rate increase was published in the Salinas Californian, a newspaper of general circulation, on June 9, 2001, as evidenced by proof of publication provided to the Water Division by the utility. There were no protests concerning the proposed offset increase.

## **FINDINGS**

The Commission finds, after investigation by the Water Advisory Branch, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

**IT IS ORDERED that:**

1. Alco Water Service is authorized, five days after the effective date herein, to make effective revised Schedule 1, General Metered Service, for its Salinas Division, attached to Advice Letter 85, and to cancel the corresponding presently effective rate schedule.
2. Alco Water Service is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I hereby certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 23, 2001; the following Commissioners approved it:

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WESLEY M. FRANKLIN  
Executive Director